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PAK FAH YEOW INTERNATIONAL LIMITED

白花油國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 239)

ANNOUNCEMENT OF ANNUAL RESULTS 2014

HIGHLIGHTS

- Consistent growth in turnover and profitability.
- Turnover up 15.7% year-on-year.
- Reported profit surged 106.6% mainly attributable to sales growth in Hong Kong market, significant unrealised fair value gain on UK properties and a non-recurring income from forfeiture of deposit.
- Underlying recurring profit, the performance indicator of the Group, up 41.4% year-on-year.
- Continue focus on market penetration and market development for our existing products, but significant growth in 2015 is not expected.

The board of directors (the “Board”) of Pak Fah Yeow International Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2014, together with comparative figures for the previous year:

RESULTS SUMMARY

	<i>Notes</i>	Year ended 31 December		
		2014 <i>HK\$ '000</i>	2013 <i>HK\$ '000</i>	Change
Turnover	1	186,343	160,993	+ 15.7%
Reported profit	2	146,465	70,880	+106.6%
Underlying profit	3	79,621	45,394	+ 75.4%
Underlying recurring profit	4	61,448	43,458	+ 41.4%
		<i>HK cents</i>	<i>HK cents</i>	
Earnings per share:				
Reported profit		56.4	27.3	+106.6%
Underlying profit		30.7	17.5	+ 75.4%
Underlying recurring profit		23.7	16.7	+ 41.9%
Total dividends per share		21.5	18.5	+ 16.2%

		At 31 December		
		2014 <i>HK\$ '000</i>	2013 <i>HK\$ '000</i>	
Shareholders' funds	5	622,632	516,855	+ 20.5%
		<i>HK\$</i>	<i>HK\$</i>	
Net asset value per share	6	2.40	1.99	+ 20.6%

- Notes:*
1. Turnover represents revenue derived from the three business segments, namely manufacturing and sales of Hoe Hin Products, property investment and treasury investment.
 2. Reported profit ("Reported Profit") is the profit attributable to owners of the Company, which is prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.
 3. Underlying profit ("Underlying Profit") is arrived at by excluding from Reported Profit the unrealised fair value changes of financial assets at fair value through profit or loss and of investment properties.
 4. Underlying recurring profit ("Underlying Recurring Profit") reflects the Group's performance of the three business segments and is arrived at by excluding from Underlying Profit the items that are non-recurring in nature (such as income arising from forfeitures of deposits/option fee for the disposal of investment properties and the related expenses).
 5. Shareholders' funds are the equity attributable to owners of the Company, which is equivalent to the total equity as presented in the Company's consolidated statement of financial position.
 6. Net asset value per share represents shareholders' funds divided by the number of ordinary shares of the Company in issue as at the year end date.

CHAIRMAN'S STATEMENT

Dear fellow shareholders,

Overview

Another fruitful year in 2014 having achieved a consistent growth in both sales and profitability, along with a remarkable fair value gain on our investment properties in the United Kingdom (the "UK Properties"). The Group's total turnover for the year 2014 was HK\$186.3 million, representing a year-on-year increase of 15.7%. Such increase was mainly attributable to increased contribution from sales of Hoe Hin Products, with Hong Kong market performed particularly well.

Underlying Recurring Profit, the performance indicator of the Group, was up 41.4% to HK\$61.4 million (2013: HK\$43.5 million). This reflected the increase in revenue generated from sales of Hoe Hin Products and improvement in profit margin. Underlying Profit, which excludes from Reported Profit unrealised fair value changes of investment properties and financial assets at fair value through profit or loss, was up 75.4% to HK\$79.6 million (2013: HK\$45.4 million). Included in this profit for 2014 was a non-recurring income arising from forfeiture of deposit amounting to HK\$18.5 million (2013: HK\$2.1 million (including deposit and option fee)) due to the failure of a buyer to complete purchase of the UK Properties.

Reported Profit for 2014 was HK\$146.5 million (2013: HK\$70.9 million), primarily due to, amongst others as mentioned above, a notable unrealised fair value gain on the UK Properties. It reflected the potential of the retail parts of the properties to benefit from the trends in the core Central London market as well as the latent value associated with lease extensions of the residential upper parts of the properties given the shortening of the remaining leasehold lease lengths.

Dividends and bonus issue of shares

The Board proposes a final dividend of HK6.5 cents per share (2013: HK6.5 cents per share) and a special dividend of HK6.8 cents per share (2013: HK4.5 cents per share) for the year ended 31 December 2014, subject to approval by shareholders at the forthcoming annual general meeting (the "AGM") of the Company. These together with the interim dividends of HK8.2 cents per share (2013: HK7.5 cents per share) already declared, will make total dividends of HK21.5 cents per share for 2014 (2013: HK18.5 cents per share).

In recognition of the continuous support of the shareholders of the Company, the Board also proposes bonus issue of shares (the "Bonus Issue") on the basis of one bonus share for every five existing shares held by qualifying shareholders, subject to approval of the relevant resolution approving the Bonus Issue by shareholders at the AGM and the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the new shares to be issued pursuant to the Bonus Issue. The Board believes that the Bonus Issue will enhance the liquidity of the shares in the market and thereby enlarging the shareholders and capital base of the Company.

Business

Global economic performance improved generally in 2014. There were signs of recovery in the United States and steady economic performance in the Mainland and in Hong Kong. United States dollars was becoming strengthened, with speculation on potential interest rate rise and launch of quantitative easing by Europe. Cost inflation eased, though overall operating costs rose but were generally mild. From this background, we recorded another year of record high in sales of Hoe Hin Products for the year 2014. Demand from the Mainland and inbound visitors buying consumer products in Hong Kong continued to make positive contribution to such growth. Notwithstanding actual sales in other major markets such as the Mainland, Macau and the United States declined in the year 2014, plans have been taken for achieving a consistent growth in these markets.

With United States dollars becoming strengthened that correlated the same with Hong Kong dollars and uncertainties over possible financial measures by major countries, we saw overall loss on the unrealised fair value change of our securities investments, most of which were denominated in foreign currencies. In Hong Kong and Singapore, the effect of additional stamp duty applied to properties went different ways. A bigger fair value gain on our self-use properties was recorded (as other comprehensive income) while a smaller fair value gain on our investment properties was recognised (as revaluation surplus). In the United Kingdom, however, demand for retail investment opportunities in Central London remained high from overseas and domestic investors and as a result, coupled with the latent value associated with lease extensions of the residential upper parts as mentioned above, we saw a significant increase in fair value of the UK Properties. Rental level of our properties in the United Kingdom and Singapore remained stable, while those in Hong Kong uplifted after rent review.

Outlook

The year 2015 will be a challenging year, with global economy likely staying on a slow-growing path. Building on our foundation, we shall continue focusing our strategy in market penetration and market development for our existing products. Firstly in North America, United States market will be one of our focuses for market penetration that we shall give support to our distributor for developing mainstream market further from pharmacies to natural health supplement stores in the years to come. In Canada, product registration of Hoe Hin Strain Relief is still in progress and normally it would take more than six months for completion, while we are working closely with our distributor for its launch in market. Secondly in Southeast Asia, new business with our distributor in Vietnam will start as soon as we obtain approval for a company license, which would normally take more than six months. As mentioned in our last annual report, the distributor in Vietnam has a strong local distribution network which we believe would contribute to our business development. Thirdly in the Mainland, product license was eventually obtained in January 2015 and therefore the issue for importing our products

was resolved. To keep pace with fast changing digital and online media to reach new customers and open up business opportunities, we have put additional resources to develop comprehensive online marketing strategies for the Mainland market. Finally back to Hong Kong, significant growth in 2015 is not expected in view of weaker spending of locals and inbound visitors, but keeping a similar level of advertising and promotional expenses is considered appropriate for brand building and market presence.

Although the United Kingdom retail market has experienced considerable trading problems in recent years, the Central London market has remained buoyant, with many areas largely immune to the wider economic fragility. Domestically, investment sentiment in Hong Kong is expected to be dampened by the increased uncertainties over the United States interest rate hike and the new measure imposed by Hong Kong Monetary Authority. Performance from our investment properties, excluding the effect on fair value changes, is expected to be steady.

Appreciation

On behalf of the Board, I would like to thank our management team and staff for their dedication and good performance throughout such successful year, our investors and business partners for their continuous support and my fellow directors for their commitment and contribution.

MANAGEMENT DISCUSSION AND ANALYSIS

Results overview

For the year ended 31 December 2014, the Group's turnover increased by 15.7% to HK\$186,343,000 (2013: HK\$160,993,000) mainly due to increased contributions from sales of Hoe Hin Products.

Revaluation surplus of the Group's investment properties was HK\$69,700,000 (2013: HK\$21,933,000), including a surplus of HK\$67,866,000 (2013: HK\$16,965,000) which related to the Group's investment properties in the United Kingdom.

Profit attributable to owners for the year ended 31 December 2014 was approximately HK\$146,465,000 (2013: HK\$70,880,000).

The revaluation of other properties, which is accounted for as other comprehensive income, has resulted in a net revaluation surplus in this year of HK\$17,208,000 (2013: HK\$9,276,000).

Total comprehensive income attributable to owners for the year ended 31 December 2014 was approximately HK\$155,640,000 (2013: HK\$82,267,000).

Manufacturing and sales of Hoe Hin Products

Revenue from sales of the Hoe Hin Products increased by 16.0% to HK\$174,058,000 (2013: HK\$150,093,000).

Hong Kong market accounts for about 65.8% (2013: 60.7%) of the segment revenue. Macau and Mainland China account for about 7.1% (2013: 8.8%) and 9.9% (2013: 12.0%) respectively. Notwithstanding there were indications of weakened tourist spending in Hong Kong, Mainland tourists remained the growth driver for Hong Kong market which recorded a 24% surge in sales. Sales in Macau and Mainland China, however, declined about 8.0% and 5.9% respectively. Sales in other major markets such as Philippines and Singapore improved, while contribution from North America declined.

With the increase in revenue and as a result of improved production planning, the overall profit margin improved and segment profit increased by 46.5% to HK\$81,961,000 (2013: HK\$55,954,000).

Property investment

Revenue for this segment increased by 8.8% to HK\$11,036,000 (2013: HK\$10,139,000). This change mainly represents increased average exchange rate in translating rental income derived in the United Kingdom and increased rental income from the Group's investment properties in Hong Kong as a result of rent review.

Net revaluation surplus in respect of the Group's investment properties of HK\$69,700,000 (2013: HK\$21,933,000) was recognised for the year, of which HK\$67,866,000 (2013: HK\$16,965,000) was related to the Group's investment properties in the United Kingdom (the "UK Properties"). In addition, due to a buyer failed to complete and execute the sale and purchase agreement in respect of the disposal of the UK Properties, the Group was entitled to forfeit the deposit of HK\$18,503,000 (equivalent to GBP1,445,000) (2013: HK\$2,118,000 (including deposit and option fee)) which was recognised as other income for the year.

As a result, the segment profit surged 194.4% to HK\$97,621,000 (2013: HK\$33,160,000). By excluding from the segment result the unrealised fair value changes of financial assets at fair value through profit or loss and of investment properties (the "Underlying Segment Result"), and the items that are non-recurring in nature (the "Underlying Recurring Segment Result"), the Underlying Segment Result and the Underlying Recurring Segment Result respectively increased by 148.7% to HK\$27,921,000 (2013: HK\$11,227,000) and by 4.9% to HK\$9,748,000 (2013: HK\$9,291,000).

Treasury investment

Revenue derived from this segment increased by 64.1% to HK\$1,249,000 (2013: HK\$761,000), primarily due to more interest income earned from debt securities. The segment results decreased to a loss of HK\$3,800,000 (2013: profit of HK\$3,584,000), mainly attributable to unfavourable movement in unrealised fair value changes and realised loss on listed investments, and increased losses on foreign currency transactions, partly offset by increased interest income as aforesaid. The strengthening of United States Dollars (which correlated the same with the Group's reporting currency Hong Kong Dollars) during the year had unfavourable impact on translation of the Group's investments and bank deposits denominated in foreign currencies.

The Underlying Segment Result and also the Underlying Recurring Segment Result was a loss of HK\$944,000 (2013: profit of HK\$31,000).

Finance costs

The increase in finance cost of HK\$121,000 (12.5%) to HK\$1,089,000 was mainly due to higher interest on consideration payable for acquisition of trademarks.

Taxation

Increase in taxation from HK\$8,855,000 to HK\$11,877,000 was principally due to an increase in taxable operating profits of a subsidiary in Hong Kong.

Financial resources and treasury policies

The Group continues to adhere to prudent treasury policies. Gearing ratio (interest-bearing borrowings divided by total shareholders' funds) as at 31 December 2014 was 7.0% (2013: 9.7%). Total bank borrowings of the Group amounted to HK\$43,755,000 (2013: HK\$49,950,000), mainly denominated in Pound Sterling, Euro and Hong Kong Dollars with floating interest rates.

Current ratio (current assets divided by current liabilities) was 1.57 as at 31 December 2014 (2013: 1.12). The Group holds sufficient cash, marketable securities on hand and available banking facilities to meet its short-term liabilities, commitments and working capital demand.

Exchange rate exposures

Most of the Group's business transactions were conducted in Hong Kong Dollars and United States Dollars. Certain rental income is derived in the United Kingdom and denominated in Pound Sterling. As at 31 December 2014, the Group's debt borrowings were mainly denominated in Pound Sterling, Euro and Hong Kong Dollars. The Group also had equity and debt securities and dual currency investments denominated in foreign currencies.

The Group considers there is no significant exposure to foreign exchange fluctuations for United States Dollars as long as the Hong Kong-United States dollar exchange rate remains pegged. Other than United States Dollars whose exchange rate with Hong Kong Dollars remained relatively stable during the year, the Group's foreign exchange exposure relating to investments in overseas securities and bank balances as at 31 December 2014 were approximately HK\$30.9 million (2013: HK\$42.8 million) in total, or about 4.1% (2013: 6.3%) of the Group's total assets. The Group was also exposed to foreign exchange rate changes (net of the underlying debt borrowings) of approximately HK\$159.5 million (2013: HK\$99.2 million) relating to carrying amount of the properties investments in the United Kingdom.

Pledge of assets

As at 31 December 2014, certain of the Group's leasehold land and buildings, investment properties, bank deposits and securities with an aggregate carrying value of approximately HK\$364.0 million (2013: HK\$306.2 million) were pledged to secure banking facilities granted to the Group to the extent of approximately HK\$105.9 million (2013: HK\$93.5 million), of which approximately HK\$43.8 million (2013: HK\$50.0 million) were utilised as at 31 December 2014.

Employees and remuneration policies

As at 31 December 2014, the Group had a total of 96 (2013: 89) employees. Remuneration packages of employees and directors are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits including medical allowance and educational subsidies to eligible employees.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December	
		2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	186,343	160,993
Other revenue	3	555	1,023
Other net income	3	19,100	2,236
Changes in inventories of finished goods		4,816	(4,476)
Raw materials and consumables used		(41,060)	(35,829)
Staff costs		(32,933)	(28,218)
Depreciation expenses		(2,433)	(2,246)
Net exchange loss		(3,167)	(400)
Other operating expenses		(38,634)	(37,866)
		<hr/>	<hr/>
Profit from operations before fair value changes of financial assets through profit or loss and of investment properties		92,587	55,217
Net (loss) gain on financial assets at fair value through profit or loss		(2,856)	3,553
Revaluation surplus in respect of investment properties		69,700	21,933
		<hr/>	<hr/>
Profit from operations		159,431	80,703
Finance costs	4	(1,089)	(968)
		<hr/>	<hr/>
Profit before taxation	4	158,342	79,735
Taxation	5	(11,877)	(8,855)
		<hr/>	<hr/>
Profit for the year, attributable to owners of the Company	7	146,465	70,880
		<hr/>	<hr/>

		Year ended 31 December	
		2014	2013
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation surplus of leasehold land and buildings, net of tax effect of HK\$3,400,000 (2013: HK\$1,833,000)		17,208	9,276
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of available-for-sale financial assets		341	1,153
Exchange difference arising from translation of financial statements of overseas subsidiaries		(11,466)	1,643
Exchange difference arising from translation of inter-company balances with overseas subsidiaries representing net investments		3,092	(685)
		(8,033)	2,111
Other comprehensive income for the year, net of tax, attributable to owners of the Company		9,175	11,387
Total comprehensive income for the year, attributable to owners of the Company		155,640	82,267
Earnings per share			
Basic and diluted	7	56.4 cents	27.3 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets			
Investment properties		331,045	272,442
Property, plant and equipment		301,695	282,813
Intangible assets		2,450	2,450
Available-for-sale financial assets		8,620	9,122
		<hr/> 643,810	<hr/> 566,827
Current assets			
Inventories		19,419	14,817
Trade and other receivables	8	42,625	24,847
Financial assets at fair value through profit or loss		35,682	32,071
Pledged bank deposits		20,964	31,430
Cash and cash equivalents		10,482	12,646
		<hr/> 129,172	<hr/> 115,811
Current liabilities			
Bank borrowings, secured		43,755	49,950
Current portion of deferred income		89	82
Trade and other payables	9	25,748	43,564
Tax payable		5,505	3,372
Dividends payable		7,029	6,198
		<hr/> 82,126	<hr/> 103,166
Net current assets		<hr/> 47,046	<hr/> 12,645
Total assets less current liabilities		<hr/> 690,856	<hr/> 579,472

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current liabilities			
Long-term portion of consideration payable for acquisition of trademarks		2,074	2,074
Long-term portion of deferred income		12,956	11,997
Provision for long service payments		660	836
Provision for directors' retirement benefits		12,618	11,226
Deferred taxation		39,916	36,484
		<hr/> 68,224	<hr/> 62,617
NET ASSETS		622,632	516,855
Capital and reserves			
Share capital		12,985	12,985
Share premium and reserves		609,647	503,870
		<hr/> 622,632	<hr/> 516,855
TOTAL EQUITY		622,632	516,855
		<hr/> 622,632	<hr/> 516,855

Notes:

1. ADOPTION OF NEW/REVISED HKFRS

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2013 consolidated financial statements. The adoption of new/revised Hong Kong Financial Reporting Standards (“HKFRS”) that are relevant to the Group and effective from the current year had no significant effect on the results and financial position of the Group for the current and prior years.

2. OPERATING SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker – the executive directors for making strategic decisions. The Group’s operating segments are structured and managed separately according to the nature of their businesses. The Group is currently organised into three operating businesses as follows:

- a) Manufacturing and sale of Hoe Hin Brand of products
- b) Property investment
- c) Treasury investment

Each of the Group’s operating segments represents a strategic business unit subject to risks and returns that are different from those of the other operating segments.

For the purposes of assessing the performance of the operating segments and allocating resources between segments, the executive directors assess segment profit or loss before income tax without allocation of finance costs, directors’ emoluments, and central administrative costs and the basis of preparing such information is consistent with that of the consolidated financial statements. All assets are allocated to reportable segments other than corporate assets. All liabilities are allocated to reportable segments other than deferred taxation, provision for directors’ retirement benefits, tax payable, dividends payable and other corporate liabilities.

Business segments

	Year ended 31 December 2014			
	Manufacturing and sales of Hoe Hin Brand of products <i>HK\$'000</i>	Property investment – rental income <i>HK\$'000</i>	Treasury investment – interest income <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customers	<u>174,058</u>	<u>11,036</u>	<u>1,249</u>	<u>186,343</u>
Segment results	<u>81,961</u>	<u>97,621</u>	<u>(3,800)</u>	175,782
Unallocated corporate expenses				<u>(16,351)</u>
Profit from operations				159,431
Finance costs				<u>(1,089)</u>
Profit before taxation				158,342
Taxation				<u>(11,877)</u>
Profit for the year				<u>146,465</u>
Assets				
Segment assets	369,689	331,428	71,139	772,256
Unallocated corporate assets				<u>726</u>
Consolidated total assets				<u>772,982</u>
Liabilities				
Segment liabilities	34,757	42,602	5,075	82,434
Unallocated corporate liabilities				<u>67,916</u>
Consolidated total liabilities				<u>150,350</u>
Other information				
Additions to non-current assets (<i>note</i>)	866	44	–	910
Depreciation expenses	2,315	118	–	2,433
Forfeiture of non-returnable deposit for disposal of investment properties	–	18,503	–	18,503
Revaluation surplus in respect of investment properties	–	69,700	–	69,700
Revaluation surplus of leasehold land and buildings	20,608	–	–	20,608
Net loss on financial assets at fair value through profit or loss	<u>–</u>	<u>–</u>	<u>2,856</u>	<u>2,856</u>

Year ended 31 December 2013

	Manufacturing and sales of Hoe Hin Brand of products <i>HK\$'000</i>	Property investment – rental income <i>HK\$'000</i>	Treasury investment – interest income <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customers	150,093	10,139	761	160,993
Segment results	55,954	33,160	3,584	92,698
Unallocated corporate expenses				(11,995)
Profit from operations				80,703
Finance costs				(968)
Profit before taxation				79,735
Taxation				(8,855)
Profit for the year				70,880
Assets				
Segment assets	329,877	272,938	79,001	681,816
Unallocated corporate assets				822
Consolidated total assets				682,638
Liabilities				
Segment liabilities	37,683	63,943	5,787	107,413
Unallocated corporate liabilities				58,370
Consolidated total liabilities				165,783
Other information				
Additions to non-current assets (<i>note</i>)	1,401	490	–	1,891
Depreciation expenses	2,173	73	–	2,246
Forfeiture of non-returnable option fee for disposal of investment properties	–	1,660	–	1,660
Revaluation surplus in respect of investment properties	–	21,933	–	21,933
Revaluation surplus of leasehold land and buildings	11,109	–	–	11,109
Net gain on financial assets at fair value through profit or loss	–	–	3,553	3,553
Deposit for disposal of investment properties forfeited	–	458	–	458

Geographical information

The Group's operations are located in Hong Kong, Macau, other regions in the People's Republic of China (the "PRC"), Southeast Asia, South America, North America, the United Kingdom and Europe (excluding the United Kingdom). The Group's manufacturing operating business is located in Hong Kong. Property investment and treasury investment operating businesses are in various locations.

The following table provides an analysis of the Group's revenue and results from operations by geographical location of customers for manufacturing and sales of Hoe Hin Brand of products and geographical location of the related assets for property investment and treasury investment:

	Revenue from external customers		Results from operations	
	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	115,503	90,670	69,018	50,818
Macau	12,857	13,973	7,504	9,346
PRC	18,178	19,369	(2,188)	(3,562)
Southeast Asia	22,731	18,305	5,875	832
South America	39	–	(155)	–
North America	8,886	10,593	3,618	4,345
United Kingdom	6,980	6,583	92,230	26,050
Europe (excluding United Kingdom)	302	65	(1,142)	1,500
Other regions	867	1,435	(100)	2,085
Unallocated corporate expenses	–	–	(15,229)	(10,711)
	<u>186,343</u>	<u>160,993</u>	<u>159,431</u>	<u>80,703</u>

The following is an analysis of non-current assets (note) by geographical locations:

	2014	2013
	HK\$'000	HK\$'000
Hong Kong	434,675	414,113
Macau	–	–
PRC	–	–
Southeast Asia	13,314	13,159
South America	–	–
North America	–	–
United Kingdom	187,201	130,433
Europe (excluding United Kingdom)	–	–
Other regions	–	–
	<u>635,190</u>	<u>557,705</u>

Note: Non-current assets exclude financial instruments.

Information about major customers

Revenues from external customers contributing over 10% of the total revenue from the Group's business segment of manufacturing and sales of Hoe Hin Brand of products are as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Customer A	111,570	87,607
Customer B	18,148	19,277
	<u>129,718</u>	<u>106,884</u>

3. OTHER REVENUE AND OTHER NET INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Listed investments:		
Dividend income from financial assets at fair value through profit or loss	555	493
Gain on disposal of financial assets at fair value through profit or loss	–	530
	<u>555</u>	<u>1,023</u>
Other revenue		
Commission received	38	32
Deposit for disposal of investment properties forfeited	–	458
Forfeiture of non-returnable option fee for disposal of investment properties	–	1,660
Forfeiture of non-returnable deposit for disposal of investment properties (<i>note (3a)</i>)	18,503	–
Gain on disposal of property, plant and equipment	4	20
Sundry income	555	66
	<u>19,100</u>	<u>2,236</u>
Other net income		
	<u>19,655</u>	<u>3,259</u>

3(a) On 22 November 2013, the Group entered into an agreement for the sale and purchase of a freehold property in the United Kingdom with SIAHAF Management Limited (“SIAHAF”) for a consideration of GBP14,450,000 with expected completion date on 25 March 2014 (the “Completion Date”). However, SIAHAF failed to complete the transaction on the Completion Date. Under the law of the United Kingdom, SIAHAF had been given an additional 5 working days (expiring on 1 April 2014) for completion. As SIAHAF failed to complete and execute the sale and purchase agreement, the Group was entitled to forfeit the deposit of GBP1,445,000 (equivalent to HK\$18,503,000).

4. PROFIT BEFORE TAXATION

This is stated after charging (crediting):

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(a) Finance costs		
Interest on bank borrowings wholly repayable within five years	568	504
Interest on bank borrowings wholly repayable more than five years	241	280
Interest on consideration payable for acquisition of trademarks	280	184
	<u>1,089</u>	<u>968</u>

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates set out in the loan agreements. For the years ended 31 December 2014 and 2013, the interest on bank borrowings wholly repayable more than five years which contain a repayment on demand clause amounted to HK\$241,000 and HK\$280,000 respectively.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(b) Other items		
Auditor's remuneration	502	478
Cost of inventories	52,497	53,480
Contributions to defined contribution plan	757	495
Operating lease charges on advertising spaces	65	224
Gain on disposal of property, plant and equipment	(4)	(20)
Gross rental income from investment properties less outgoings of HK\$332,000 (2013: HK\$244,000)	<u>(10,704)</u>	<u>(9,895)</u>
Interest income from bank deposits and debt securities	<u>(1,249)</u>	<u>(761)</u>

5. TAXATION

Hong Kong Profits Tax has been provided at the rate of 16.5% (2013: 16.5%) of the estimated assessable profits for the year. Overseas taxation has been provided on the estimated assessable profits for the year at the rates of taxation prevailing in the relevant jurisdictions.

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Current tax		
Hong Kong Profits Tax	11,418	7,311
Overseas tax	427	1,511
	11,845	8,822
Deferred taxation		
Current year	32	33
	11,877	8,855
Reconciliation of effective tax rate		
	2014	2013
	%	%
Applicable tax rate in Hong Kong	16.5	16.5
Effect of overseas tax rate differences	2.0	1.1
Non-deductible expenses and losses	0.5	0.4
Non-taxable revenue and gains	(11.1)	(6.4)
Utilisation of previously unrecognised tax losses	(0.1)	(0.2)
Unrecognised temporary difference	0.1	(0.1)
Others	(0.4)	(0.2)
Effective tax rate for the year	7.5	11.1

6. DIVIDENDS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim dividends of HK8.20 cents per share (2013: HK7.50 cents per share)	<u>21,295</u>	<u>19,478</u>
Final dividend of HK6.5 cents per share (2013: HK6.50 cents per share)	16,881	16,881
Special dividend of HK6.8 cents per share (2013: HK4.50 cents per share)	<u>17,660</u>	<u>11,687</u>
	<u>34,541</u>	<u>28,568</u>
	<u>55,836</u>	<u>48,046</u>

The final dividend and special dividend for 2014 proposed after the end of the reporting period are subject to shareholders' approval at the forthcoming annual general meeting. These dividends have not been recognised as a liability at the end of the reporting period.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to owners of the Company for the year of HK\$146,465,000 (2013: HK\$70,880,000) and the weighted average number of 259,700,000 (2013: 259,700,000) ordinary shares in issue during the year.

Diluted earnings per share equals to basic earnings per share as there were no potential dilutive ordinary shares outstanding during the two years ended 31 December 2013 and 2014.

8. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables (<i>note 8(a)</i>)	35,468	20,466
Bills receivable	3,505	1,737
Other receivables		
Deposits, prepayments and other debtors	<u>3,652</u>	<u>2,644</u>
	<u>42,625</u>	<u>24,847</u>

8(a) The Group allows credit period ranging from 30 days to 120 days (2013: 30 days to 120 days) to its customers. The ageing analysis of trade receivables by invoice date is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 30 days	11,088	20,250
31 – 60 days	20,095	–
61 – 90 days	1,063	–
Over 90 days	3,222	216
	35,468	20,466

Included in the Group's trade receivables balance are debtors with carrying amounts of HK\$216,000 (2013: HK\$216,000) and HK\$610,000 (2013: Nil) which were past due over 180 days (2013: Over 180 days) and 30 days (2013: Nil) at the end of the reporting period respectively but which the Group has not impaired as there have not been any significant changes in credit quality and the directors believe that the amounts are fully recoverable. The remaining balance of HK\$34,642,000 (2013: HK\$20,250,000) was neither past due nor impaired, which relate to a number of customers for whom there was no history of default. The Group does not hold any collateral over these balances.

9. TRADE AND OTHER PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables (note 9(a))	3,658	2,873
Other payables		
Accrued charges and other creditors	21,932	13,346
Customers' deposits	158	8,867
Deposit received	–	18,478
	22,090	40,691
	25,748	43,564

9(a) All trade payables are expected to be settled within one year. The ageing analysis of trade payables by invoice date is as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	3,563	2,247
31 – 60 days	39	160
61 – 90 days	5	415
More than 90 days	51	51
	<hr/>	<hr/>
	3,658	2,873
	<hr/> <hr/>	<hr/> <hr/>

10. PLEDGE OF ASSETS

Certain of the Group's leasehold land and buildings, investment properties, financial assets at fair value through profit or loss and bank deposits were pledged to secure banking facilities, including bank borrowings, granted to the Group to the extent of HK\$105,898,000 (2013: HK\$93,484,000), of which HK\$43,755,000 (2013: HK\$49,950,000) were utilised at the end of the reporting period.

The carrying amounts of the Group's pledged assets are as follows:

	The Group	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leasehold land and buildings	121,000	114,000
Investment properties	187,201	130,433
Financial assets at fair value through profit or loss	34,853	31,191
Bank deposits	20,964	30,599
	<hr/>	<hr/>
	364,018	306,223
	<hr/> <hr/>	<hr/> <hr/>

OTHER SUPPLEMENTARY INFORMATION

Audit Committee Review

The Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial results for the year ended 31 December 2014.

Scope of work of Mazars CPA Limited

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

Final Dividend, Special Dividend and Bonus Issue of Shares

The Board has proposed a final dividend of HK6.5 cents per share (2013: HK6.5 cents per share) and a special dividend of HK6.8 cents per share (2013: HK4.5 cents per share) for the year ended 31 December 2014 payable to shareholders on the register of members of the Company on 8 July 2015.

The Board has also proposed a bonus issue of shares on the basis of one bonus share for every five existing shares held by the shareholders on the register of members of the Company on 8 July 2015.

Subject to approval of the proposed final dividend, special dividend and bonus issue of shares by the shareholders at the forthcoming annual general meeting of the Company to be held on 11 June 2015 and the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the new shares to be issued pursuant to the bonus issue of shares, the final dividend, special dividend and share certificates for the bonus issue of shares will be dispatched to the shareholders of the Company on or about 7 August 2015.

Details of the proposed bonus issue of shares will be set out in a circular which will be sent to shareholders of the Company as soon as practicable.

Closing of register of members

The register of members of the Company will be closed from Tuesday, 9 June 2015 to Thursday, 11 June 2015, both days inclusive, during which no transfer of shares will be effected. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong but no later than 4:30 p.m. on Monday, 8 June 2015.

The register of members of the Company will also be closed from Monday, 6 July 2015 to Wednesday, 8 July 2015, both days inclusive, during which no transfer of shares will be effected. To rank for the proposed final dividend, special dividend and bonus issue of shares, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Share Registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong but no later than 4:30 p.m. on Friday, 3 July 2015.

Purchase, sale or redemption of the Company's listed shares

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

Corporate Governance Code

The Company adopted all the code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices.

The Company has complied with code provisions as set out in the CG Code during the year ended 31 December 2014 except for the following deviation:

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Mr. Gan Wee Sean, the Chairman of the Board, was appointed as the acting Chief Executive Officer on 21 April 2008 until he becomes the Chief Executive Officer since 1 September 2011. Although these two roles are performed by the same individual, certain responsibilities have been shared with the executive director to balance the power and authority. In addition, all major decisions have been made in consultation with members of the Board as well as senior management. The Board has three independent non-executive directors who offer different independent perspectives. Therefore, the Board is of the view that there are adequate balance of power and safeguards in place. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Company.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2014.

Change in the Composition of Remuneration Committee

The Board of the Company hereby announces Mr. Gan Wee Sean, an executive director and the chairman and chief executive officer of the Company, was appointed a member of the remuneration committee with effect from 26 March 2015.

Board of Directors

As at the date of this announcement, (i) the executive directors of the Company are Messrs. Gan Wee Sean (Chairman and Chief Executive Officer) and Gan Fock Wai, Stephen; and (ii) the independent non-executive directors of the Company are Mr. Leung Man Chiu, Lawrence, Ms. Wong Ying Kay, Ada and Mr. Ip Tin Chee, Arnold.

By Order of the Board
Pak Fah Yeow International Limited
Gan Wee Sean
Chairman

Hong Kong, 26 March 2015

* *For identification purpose only*